

Amendments to the Specification:

\*Please amend the paragraph on page 3, between lines 15-22, as follows:

Camera 108 and machine controller 104 are connected to a computer 100 in a conventional manner. The pick and place machine 106 includes a conventional machine controller 104. The computer 100 includes a CPU 102, a display 101, ~~400~~, memory 102A, and I/O controls 102C all of which are conventional. The computer 100 ~~402B~~ also includes a conventional operating system and other programs 102B to operate the machine ~~tool~~ controller 104. A block diagram of the programs that perform the operations peculiar to the present invention is given in Figure 5.

\*Please amend the paragraph on page 4, between lines 3-8, as follows:

In many watermark reading programs the grid signal is used to determine if the image has been enlarge or reduced, that is, the grid signal is used to determine image scale. With the present invention, it is known that the scale of the image on the part or object 109 ~~204~~ has not been changed, hence, the "scale" of the watermark grid signal can be used to calculate the distance from the camera (which is at a fixed position) to the part 109. ~~204.~~ This distance gives the location of the part 109. ~~204.~~

\*Please amend the paragraph on page 5, between lines 14-18, as follows:

It is important to note that the watermark in image 202 is redundantly coded. This is illustrated in Figure 3. As is conventional the watermark consists of a number of tiles. Each tile (e.g., 202A) includes the entire watermark. Thus if the image is slightly damaged or covered, the system can still read the watermark.

\*Please amend the paragraph on page 7, between lines 8-28, as follows:

Pick and place machines are known in the art. The details of the pick and place machine 106 forms no part of the present invention. Various Pick and place machines are for example described in US patents: 6,174,171 entitled "Electrical connector with pick-and-place member "; 5,925,835 entitled "Method of and apparatus for testing a nozzle of a pick-and-place system"; 5,865,487 entitled "Pick-and-place tool for vacuum and magnetic coupling; 5,613,632 entitled "Manufacturing solder-perform holders for a pick-and-place machine ; 5,524,947 entitled "Self-contained pick-and-place apparatus; 5,482,198 entitled "Solder perform pick-and-place machine and operation; 5,449,265 entitled "Feeder and method of supplying a continuous strip of surface mount contacts to pick-and-place machine; 5,421,697 entitled "Telescopic pick-and-place robotic mechanism; 5,345,831 entitled "Drive for linear pick-and-place assembly apparatus; 5,247,844 entitled "Semiconductor pick-and-place machine calibration apparatus; 5,237,622 entitled "Semiconductor pick-and-place machine automatic calibration apparatus; 4,860,438 entitled "Surface mounting device pick-and-place head ;4,696,715 entitled "Pick-and-place glue applicator; 4,601,382 entitled "Pick-station and feed apparatus in pick-and-place machine; 4,564,326 entitled "Feed arrangement for pick-and-place machine; 4,453,882 entitled "Longreach linear pick-and-place assembly apparatus; and 4,403,907 ~~4,503,907~~ entitled "Cam-driven rotary pick-and-place assembly apparatus," the content of which are hereby incorporated herein by reference.